



February 27, 2004

Ms. Deidre A. Lee  
Director of Defense Procurement and Acquisition Policy  
OUSD (AT&L)  
3060 Defense Pentagon, Room 3E1044  
Washington, DC 20301-3060

Dear Ms. Lee,

The Department of Defense (DoD) issued an interim rule that became effective January 1, 2004 that establishes the requirement for contractors to furnish unique item identifiers (UIDs), or other item identification, along with the Government's acquisition cost of items delivered under a DoD contract. AIA and its member companies support this initiative and we will do our best to assure that the Department's goals are met.

However, adequate contractor cost recovery is critical to the success of the initiative. The Aerospace Industries Association (AIA) requests DoD consider issuing additional guidance that will allow contractors to recover all of their costs of compliance with the UID requirement.

What is lacking in the current DoD guidance is the recognition that significant company-wide implementation costs may not be recovered under existing accounting procedures. In most cases, the costs were or will be allocated to existing fixed price Government and commercial contracts as an overhead or G&A cost with reimbursement by DoD only to the extent of its participation in flexibly priced contracts. We believe a global agreement that results in the implementation costs being fully reimbursed by DoD will be required to correct this inequity.

To arrange for a meeting to discuss our alternative suggestions for development of DoD policy to address our cost recovery concerns, Dick Powers of my staff will be contacting your offices to set a mutually acceptable time and place. Should you wish to contact Dick, his phone number is 703 358-1042. He can also be reached at [powers@aia-aerospace.org](mailto:powers@aia-aerospace.org).

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert T. Marlow', written in a cursive style.

Robert T. Marlow  
Vice President, Government Division

cc: Brigadier General Darryl Scott